

ENRON Corp.

Conference Call Information

Time: 12:00 p.m. (Central)
1:00 p.m. (Eastern)

Dial In: 913/981-4910

Website: www.enron.com; Reference Investors

Introductions

Jeff Skilling, President and COO
Mark Koenig, Executive VP, Investor Relations
Paula Rieker, Managing Director, Investor Relations

Thank you for joining us on the call and web broadcast this morning. In any environment, it is important to be sure investors have accurate company information. It has been a very difficult equity market recently, and some specific Enron-related subjects have been circulating which we want to clarify. I don't plan any surprises this morning –we are not “pre-releasing” first quarter financial results. We do expect very strong results, which will be reported in detail on early April 17.

We are very confident with our previously announced targets for 2001 recurring earnings in the range of \$1.70 to \$1.75 per diluted share. All of our businesses are in great shape.

As we have detailed previously, our Wholesale Services business is well positioned for another record setting year. We will continue to do what we do best:

- We expertly manage complex logistics to move products between markets;
- We actively make markets “in the middle” to source and deliver at the lowest cost; and
- We efficiently package components to create high-value products and services.

This ability to very responsively provide low-cost, innovative services continues to drive our strong market franchise.

We expect our physical volumes for gas and power deliveries in every region for the first quarter to be very strong and to exceed last years' first quarter strong levels. [Verify - DL] During the first quarter, our North American natural gas and power businesses continue extremely strong performance. Gas and power price volatility continues, and we have seen increased deal flow as customers respond to that volatility. There is broad demand for price risk management services. We are also seeing significant opportunities to provide complex energy procurement services.

Our Wholesale business has the #1 position of all the energy merchants, and we strongly feel that our superior information and network assets will maintain this lead position long-term.

In addition, our new businesses, including, metals, pulp and paper, coal and steel, are ahead of expectations in terms of both market penetration and profitability.

Enron OnLine continues to be a tremendous advantage in both expanding our market reach as well as managing the increased business activity. Since inception, we have transacted almost \$800 billion of notional business. We have expanded to 1,600 products online. In addition to the strong external impact, Enron OnLine is core to our internal risk management discipline. Our entire team uses EOL prices in structuring transactions to insure that we have both real-time price quotes and real-time deal and credit capture.

Our Retail Energy Services business has a huge head start on achieving its 2001 targets. Again, in this business where we outsource energy asset management for industrial and small commercial businesses, we are seeing continued expansion opportunities both in the U.S. and in Europe. We have already publicly announced approximately \$4 billion of new contract value this quarter, including some of our largest new contracts ever, and have significant others that have not yet been announced. We remain confident in meeting or exceeding our announced full year Total Contract Value target of \$30 billion and IBIT target of \$225 million.

Our Transportation and Distribution business continue to underpin many of our activities. The sale of Portland General has been delayed. Let me remind you that this sale has been very much elective on Enron's part. Any delay has absolutely no impact on our financial condition, which is very strong and affords us flexibility on all targeted asset sales. During the time we own Portland General, we will continue to benefit from its solid operations.

Let me address our Broadband business. The entire telecommunications industry is going through major changes. These current changes are not unlike changes we saw in the early days of the deregulating natural gas business when producers, or owners of capacity, faced declining prices for their commodity. This is the right environment for Enron's business model. In Broadband, we are pursuing a very similar strategy as in our Wholesale business, where we will manage delivery logistics, make markets for bandwidth and other network services and package these components for value-added products. Our network is substantially complete. We have unique ability to rapidly provision bandwidth, which has attracted customers to Enron that both want to buy as well as sell bandwidth. Our core areas of focus remain Bandwidth Intermediation and Content Services

There have been rumors and news accounts of layoffs in our Broadband business. We are not laying people off. We redeployed people from all over the company to jumpstart this big opportunity. We are now rationalizing some areas – a lot of the people affected are in support functions and a fewer number of specialized people who will likely be offered jobs in other areas. We need some people in Portland to consider Houston-based jobs since this is the commercial nerve center of the company and the home of our new Network Operating Center. We continue to hire highly qualified personnel in our core areas.

Regarding last week's announcement terminating the content delivery agreement with Blockbuster - we are continuing the Video-on-Demand trials, and our technology is working

extremely well. We are not reducing our emphasis on Video-on-Demand. In fact, we are vigorously pursuing new content directly from producers and have had very good results from our initial discussions. We continue to believe the Video on Demand business is a huge long-term opportunity and is a natural extension of both our network and our Bandwidth Intermediation business.

I'd also like to quickly comment on the Dabhol power project in India. I know that you have read a lot in the press about the project lately. I cautioned at our investor meeting in late January that there could be a lot of noise in the press regarding this project over the coming year. Let me reiterate – the bottom line is that Dabhol has very solid contracts and guarantees to insure payments of monies owed, and we are confident Dabhol will prevail and be paid what is due. The impact on Enron of delayed payment is not expected to be material – it is not a matter of *if* the payments are made, but rather a matter of timing. [We do not expect the situation in India to impact our financial targets for 2001.]

Before I close, let me say that we clearly recognize that investors need to clearly differentiate investment alternatives. Enron is a distinct investment opportunity for several key reasons:

- We are operating in large markets that we expect to grow at significant rates regardless of the macroeconomic environment.
- We have established extremely strong market positions in all our major businesses and have validated the effectiveness of our business model for over a decade.
- We have started numerous new businesses and have the discipline and management skills to diligently develop new opportunities.
- The success Enron has exhibited is not the result of any one market condition. Rather, we have the scope and scale to maximize opportunities across many markets.
- We are very well-positioned for strong, long-term financial performance.

I appreciate the opportunity to update you on our major businesses and would now like to open the floor for questions.

Wholesale:

Volumes

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India

- Bills
 - Overdue:
 - Dec. bill - \$24 MM – Submitted to State and Central govt. for payment; Currently in normal administrative process of collecting; GOI payment is due in a few weeks (April 7)
 - Outstanding:
 - Jan. bill - \$22 MM – Overdue but guarantee not yet exercised
 - Feb. bill - \$23 MM – Not yet overdue by State; Payment due March 27
 - Disputed:
 - Jan. bill is in dispute due to misdeclaration issue (technicality in performance)
- Central govt. guarantee for Ph I – Indicated they have never defaulted on a guarantee
 - Worst case scenario
 - Currently, the time value of delayed payments.
 - We would not inject add'l capital. In remote case of non-payment, maximum exposure is Enron's equity, or \$700 MM @ 12/31/00 (<\$1 per share)

EES:

- Major contracts/TCV announced 1Q01
 - [Liz]

Broadband:

- Content
 - Actively meeting with major studios over past few weeks; Very optimistic about those discussions
 - EBS still confident in \$1 billion new total contract value
- Intermediation
 - X people currently; [no layoffs]
 - Almost 90% increase in 1Q transactions compared to 4Q00. Over 400 (440) transactions in 1Q01, compared to 236 in 4Q00 and 321 in all 2000
 - Added 42 counterparties, for total of 87

ET&S

Portland General

- Very confidential: We have been given the right by Sierra Pacific to talk to other potential buyers. Disclosure of this could jeopardize the agreement with Sierra
- Delay does not impact Enron's financial condition (y/e 2001 est.).

	<u>Debt Ratio</u>	<u>ROE</u>
With sale	35-40%	14-16%
Without sale	25-30%	14-16%

- Diff 5-7% Minimal
- Other:**
- _____ of 570,000 TB target, 243,000 TB scheduled for delivery.
 - **Stock Performance**
 - Enron closed 12/29/00 @ \$83.125

	2001	TOTAL RETURN		
	P/E	Current Week	Quarter-to-Date	Year-to-Date
Enron	27.1	-10.0%	-32.6%	-32.6%
S&P 500 Index	17.5	-2.4%	-14.7%	-14.7%
NASDAQ Index	N/A	-3.2%	-25.9%	-25.9%
Energy Peers	16.8	1.2%	-4.8%	-4.8%
Communications Peers	N/A	-7.2%	-41.6%	-41.6%

- **First Quarter Earnings**
 - In January, we indicated a \$.40 - .45 target range for each quarter in 2001.
 - First Call consensus is \$.44, and we are very comfortable with that estimate [Update from Rick?]
- **Insider Sales**
 - Several key insiders have filed plans under the SEC safe harbor
 - The increase in the stock gave rise to ENE being a very large % of management's net worth.
 - Given the bearish overtone of the market, some Enron insiders have diversified their ENE holdings
 - In 2000, 16B filers as a group sold about ¼ of their holdings
 - 2001 sales have amounted to 3% of total insiders' holdings.